



REPUBLIC OF NAMIBIA

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## MINISTRY OF MINES AND ENERGY

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### **Announcing the Hosting of the Regional Electricity Investment Conference in Namibia, September 2005 By the Honourable Erkki Nghimtina Minister of Mines and Energy of Namibia**

Distinguished Members of the REIC National Steering Committee,  
Distinguished Invited Guests,  
Members of the Media,  
Ladies and Gentlemen,

It is indeed my honour and privilege to preside over the official announcement of the hosting of the Regional Electricity Investments Conference (REIC) which is scheduled to take place in Windhoek, Namibia as from 19 – 21 September 2005.

As you might be aware, Namibia hosted in July 2004 the SADC Energy Ministers meeting where the Diminishing Generation Surplus Capacity in the SADC region was discussed and recommendations proposed to the SADC heads of States and Government Summit which took place a month later in August 2004 in Mauritius.

One of the key recommendations that the SADC Energy Ministers took to the SADC Heads of States and Government Summit was the issue of how to address the eminent diminishing generation surplus capacity in the region coupled with the congestion points within the Southern African Power Pool as transmission limits are being reached.

At the SADC Energy Ministers meeting which took place in South Africa on 22 October 2004 it was resolved that a Regional Electricity Investment Conference should be convened as a matter of urgency to attract investments for our various strategic generation projects so as to sustain the projected power demand increases in the region.

The Southern African Power Pool (SAPP), with support from the Regional Electricity Regulators Association (RERA) was mandated to organize the REIC. Namibia offered to host the Conference. The Ministry of Mines and Energy with the assistance from NamPower and the Electricity Control Board, is spearheading the preparations for this conference.

This will be the second time that a Regional Investment Conference is being convened. The first Conference was held in Zimbabwe in 2001, with a specific focus on investment in Energy Sector. The envisaged conference will focus on investment in Electricity sector in SADC region. The theme of this year's conference is "*Emerging Investment Opportunities for sustainable development in the Southern African power sector*".

The power sector in the Southern African region has undergone tremendous reforms since the creation of the Southern African Power Pool in August 1995. The SAPP was formed through the signing of a Inter-Governmental Memorandum of Understanding (IGMOU) to foster and develop a regional electricity infrastructure for the mutual benefit of all member states involved as well as to the benefit of our respective people and economies.

Since the establishment of the SAPP, there have been several achievements that were made of which we as Governments and people of this region are proud of:

1. The SAPP Coordination Centre was opened in Harare, Zimbabwe to coordinate the activities of SAPP and be the link between the power utilities in the region,
2. The SAPP established in April 2001 the Short-Term Energy Market which is popularly known as STEM through which 8 power utilities conduct energy trading amongst themselves. These utilities are: NamPower of Namibia, BPC of Botswana, ENE of Angola, Eskom of South Africa, ZESA of Zimbabwe, ZESCO of Zambia, SEB of Swaziland, EDM and HCB of Mozambique. Through this arrangement, these utilities are able to purchase and sell power to each other.

3. SAPP implemented the scientific method of calculating the wheeling tariffs so as to promote trade amongst member utilities, by allowing third party access to the transmission grid.

In spite of the achievements that SAPP has made over the last ten years of its existence, the region is faced with several challenges which require our collective attention as Governments and power utilities in the region. The SADC region is faced with the challenges of:

1. The diminishing generation surplus capacity which, if not addressed timely, may retard economic growth in the region;
2. Ensuring that our people have equitable access to electricity at affordable prices, so as to improve their standards of living. Whilst the principles of affordable and competitive electricity prices have been recognised, there is a the need for SADC members states to embrace the principle of cost reflective tariffs, and adopt regulatory principles in our respective countries which will enhance those tariffs;
3. The challenge of restructuring the SAPP, whilst the member utilities are undergoing reforms in their respective countries. The reforms in member countries are at different levels and different models have been proposed. Namibia for example, has started with the establishment of the Regional Electricity Distributors (REDs') as part of the reforms in the Electricity Supply Industry. The SAPP is also faced with the challenge of admitting new members and other players in the power pool in view of the power sector reforms in the respective countries.

The hosting of this Regional Investment Conference is therefore timely, considering the challenges facing our region and reforms that our region is undergoing. The conference will provide a platform for investors both from the private and public sectors, to share ideas and discuss the challenges facing the SADC Electricity Supply Industry. It is therefore our hope that through this conference we will continue to ensure a conducive environment for foreign direct investments in other sectors which are undeniably dependent on the adequate supply of electricity.

Allow me ladies and gentlemen, to highlight the objectives of the conference, which are to:

1. Facilitate financing and investment in the SADC short-term and long-term generation and transmission projects.
2. Identify the financial needs of each SADC member state in both generation and transmission infrastructure and encourage the sharing of strategic financial and investment information.
3. Identify potential investors in the SADC electricity sector and formulate a regional approach to investment in the electricity sector and discuss ways of removing red tape to investment in the electricity sector in the region.

On behalf of the Namibian Government, I hereby extend an invitation to all of you in the private sector, the media and civic society to play your part in ensuring the success of this Conference.

**I THANK YOU.**